

Financial Manual For Local Governments

**Stewardship Local Assistance Grant Programs
Federal Recreation Trails Act &
Land & Water Conservation fund Programs**



September 2003

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Using This Manual

Congratulations on your success in obtaining an outdoor recreation grant! While it would be great if that was all there was to it, receiving a grant comes with many “strings” having to do with program requirements, the financial administration of your project, and the documentation of your expenditures to obtain reimbursement of your grant award. These “strings” come from state and federal law, the grant program administrative rules, and the policies and procedures of the DNR Bureau of Community Financial Assistance.

The purpose of this manual is to provide you with the information you need to successfully complete your project, prepare your reimbursement documentation, and obtain your grant payment. We hope you'll find it easy to use. The first major section, *When You Receive the Grant Award*, explains chronologically your responsibilities as a grant recipient, including the “how to’s” of preparing your financial documentation and requesting reimbursement. It is followed by two sections containing further details for acquisition and development projects. You'll also find a section containing a list of the most common problems encountered by sponsors in administering projects.

Read **CAREFULLY** all information contained in this manual. This is important even if you have had previous grants, because some financial procedures have changed. Contact your region community services specialist (CSS) if you have questions or anticipate problems (see *Contacts for Help*). You will be submitting your reimbursement claim and documentation to your CSS. Our goal is to fairly and legally administer the grant program funds, help you to avoid problems before they occur, and expedite the processing of your reimbursement claim and payment.

How Can We Improve?

We welcome your comments about the clarity and usefulness of the manual.

1. Is the format easy to follow? What could make it better?
2. Do the guidelines cover the financial requirements satisfactorily? What additional information could be added?
3. What specific changes do you suggest to improve the process for grant applicants?
4. Any additional comments.

Comments can be sent to Leslie Gauberti, Stewardship and LWCF Programs Manager, Department of Natural Resources, P. O. Box 7921, Madison, WI 53707-7921, e-mailed to Leslie at leslie.gauberti@dnr.state.wi.us, or send a comment to us via the Stewardship Program website found at www.dnr.state.wi.us/org/caer/cfa.

Contacts For Help

Your DNR region community services specialist 1) is available to answer all of your technical and financial questions about the administration of your project, 2) will monitor your project's progress, 3) will inspect your project upon it's completion 4) will review your reimbursement claim, and 5) will monitor compliance with the Stewardship and LWCF program conditions into the future.

NORTHEAST REGION	Counties: Brown, Calumet, Door, Fond du Lac, Green Lake Kewaunee, Manitowoc, Marinette, Marquette, Menominee, Oconto, Outagamie, Shawano, Waupaca, Waushara, Winnebago
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WEST CENTRAL REGION	Counties: Adams, Buffalo, Chippewa, Clark, Crawford, Dunn, Eau Claire, Jackson, Juneau, La Crosse, Marathon, Monroe, Pepin, Pierce, Portage, St. Croix, Trempealeau, Vernon, Wood
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SOUTH CENTRAL REGION	Counties: Columbia, Dane, Dodge, Grant, Green, Iowa, Jefferson, Lafayette, Richland, Rock, Sauk
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SOUTHEAST REGION	Counties: Kenosha, Milwaukee, Ozaukee, Racine, Sheboygan, Walworth, Washington, Waukesha
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NORTHERN REGION	Counties: Florence, Forest, Iron, Langlade, Lincoln, Oneida, Price, Taylor, Vilas
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Spooner: Diane Conklin 810 West Maple Street Spooner, WI 54801	Counties: Ashland, Barron, Bayfield, Burnett, Douglas, Polk, Rusk, Sawyer, Washburn Telephone: (715) 635-4130 Telefax No.: (715) 635-4105 E-mail: Diane.Conklin@dnr.state.wi.us

When You Receive The Grant Award

1. **Read the grant agreement carefully.** It is a legally binding document and contains basic information about your project, the grant award, and your obligations to the grant program. If you have received a federal grant, pay close attention to the federal requirements enclosed with your grant.
 - a. THE PROJECT NUMBER is unique to the project and must be recorded on the reimbursement claim forms. This number should be used on all expenditures documentation for project accounting purposes.
 - b. THE PROJECT SCOPE provides a narrative description of the acquisition and/or development items that you are obligated to complete. Any changes require your region CSS' approval and a formal amendment.
 - c. THE PROJECT TIME PERIOD designates the dates between which project activities can occur. Time extensions require your CSS' approval and a formal amendment. **CAUTION: Except for the following exceptions, development project activities and land acquisitions are ineligible for reimbursement if they occur outside of the project time period.**

EXCEPTIONS:

- ① For land acquisition projects - surveys and appraisals used to determine the legal description and fair market value are eligible. Purchasing a property prior to the grant award is allowed only if you have been given a letter of retroactivity from your CSS. This approval must be obtained prior to the purchase.
- ② For development projects - pre-engineering and project design activities occurring prior to the grant start date are the only pre-award activities eligible for reimbursement. Costs associated with these activities must be discussed with your CSS and must be specifically identified in the application on the cost estimate worksheet and grant agreement.
- d. GRANT PROGRAM CONDITIONS. The agreement contains specific grant program conditions which you are agreeing to when you sign it. They describe such items as your responsibilities in acceptance of the agreement, state and/or federal bidding requirements, land acquisition requirements, what happens if you fail to comply with the terms of the agreement, and provisions that specifically apply to your project - eg, if construction of a restroom facility is part of your project, the Department of Commerce must approve all sanitary facility plans before construction begins.

NOTE: Contact your DNR CSS if you have any questions.

When You Receive the Grant Award, continued

- e. **REIMBURSEMENT.** Payment of grant funds is made on a **reimbursement** basis. This means you must initially expend local moneys, which are then reimbursed, under the terms of the grant. To obtain the total grant amount approved for a project, you must provide documentation showing 100% of eligible expenditures for the project.
 - f. **ADVANCE PAYMENT** of 50% of the grant amount for the Stewardship Program is available at the time you sign the grant agreement. To request an advance check the box for advance payment on the last page of the grant agreement. A word of caution - if the project is not completed the advance payment must be repaid to the Department. **IMPORTANT:** Advance payments are not available for Land & Water Conservation Fund or Recreational Trails Act grants.
2. **Sign and return the grant agreement stamped "DNR Copy" within 30 days to your DNR regional CSS.** Keep the second copy for your files. The department will formally set aside funds for your project upon receipt of the signed agreement.

During The Project Period

1. **Carry out the project according to the terms of the grant agreement.**
Depending on the type of project, terms of the grant agreement, and the grant program, there may be special conditions on your grant agreement that need to be fulfilled during your project. This might include obtaining permits, fulfilling bidding requirements, getting approvals, or recording the deed from a land transaction with required deed restriction language inserted. Read the manual sections on Acquisition Projects and Development Projects. **IMPORTANT: Failure to fulfill grant conditions and the requirements in this manual can result in forfeiture of your grant award.**
2. **Track Project Expenditures.**
Grant Accounting. As the sponsor of an outdoor recreation grant you are responsible for maintaining fiscal controls and fund accounting procedures that are based on generally accepted accounting standards and principles. The following minimum requirements should be met:
 - ✎ Establish separate accounts and supporting documents for each grant. Use the grant project number for coding all related expenditures.
 - ✎ Itemize all supporting records/documents of project expenditures in detail to show the exact nature of each expenditure, including match expenditures for donations.

During The Project, continued

- ✧ Maintain payroll vouchers for employee labor salaries and wages. Daily timesheets or “log books” should be completed by all employees, supervisors, and volunteers working on a grant project. All time associated with the project should be clearly documented on daily time sheets or in logbooks (see example format in appendix).
- ✧ Records for sponsor-owned equipment used on a project should include the time actually used for the project and the computation used to arrive at the charged use rate. The time that equipment is at the job site but not in use is not eligible for reimbursement. Local equipment rates may be used but may not exceed the WI Department of Transportation (WisDOT) equipment rate effective the year of the project activities. *(Note: Rates are formulated under s. 84.07, Wis. Stats., and can be found in chapter 5 of the State Highway Maintenance Manual published by the WisDOT.)* The WisDOT rates may be used if you do not have a locally established rate. If special equipment is rented from a vendor, the actual rental rate may be used.
- ✧ Records documenting donations of volunteer labor (timesheets, logbooks), services (invoices), materials (invoices), equipment rental (invoices).

3. Retain Financial and Administrative Records. Project documentation records, including all project agreements, amendments, application materials, and correspondence should be maintained by the sponsor in a project file. ALL FINANCIAL RECORDS RELATED TO YOUR GRANT MUST BE RETAINED FOR POSSIBLE AUDIT A MINIMUM OF FOUR (4) YEARS FOLLOWING FINAL PAYMENT AND BE MADE READILY AVAILABLE FOR AUDIT. (See the section on audit procedures.) Records for real property and equipment shall be retained for 3 years after final disposition of the property - i.e., certified appraisals, surveys, recorded deeds, project boundary maps, etc..

4. Discuss Special Situations Up Front with your CSS

- If A Partner Organization is Handling All or Some of the Financial Administration of the Project

The official grant sponsor is responsible for financially administering the project. If a project is co-sponsored by more than one eligible sponsor, please tell your CSS which sponsor will be in charge of administration. If it is necessary to have another entity who is not an official project sponsor handle the financial administration of your project (e.g., another municipality or other organization) you must discuss this with your CSS. It may be permissible as long as you justify the need and provide documentation substantiating the relationship between the project sponsor and the other entity. This should be in the form of an agreement or contract signed by both parties that clearly defines the role of

During The Project, continued

the assisting entity. This agreement is critical to the eligibility of the documentation and should be in effect prior to the start of the project. As the project sponsor you are responsible for completing and submitting the grant payment request and documentation.

➤ Income Received from the Project

During the Grant Time Period. If you received a grant prior to July 1, 2000 (the old Stewardship Program), 50% of any income received during the grant time period must be deducted from the grant amount. Under the new Stewardship program, any income must be kept in a segregated account and used for purposes compatible with the goals and objectives of the Stewardship program. The department may request an annual income and expenses report for the segregated account.

After the Grant Agreement Time Period Expiration Date. You must use income accruing from a property receiving a Stewardship grant to further the outdoor recreation objectives of the project as stated in the grant agreement. Upon Department approval you may use the income to further the objectives of another Stewardship project. The exception to this is property entered under the county forest law under s. 28.11, stats. When this is the case, the provisions of s. 28.11, stats. related to distribution of income apply.

Sale of Structures or Improvements Included in Acquisition Costs. You must reimburse to the department one-half of all receipts from the sale of any structures or improvements included in the project's acquisition cost associated with the grant award. This would include materials salvaged from the demolition of a building. Let your region CSS know if this situation applies to your project.

➤ Changes in Project Scope, Timeline, or Costs

Report and discuss any changes to the project with your CSS. Changes to your projects scope (addition or deletion of project elements), time period (in the case of project completion delays), or cost must be approved by your CSS. Submit a written request to your CSS describing the desired change and the reason for the change. If your request is approved you will receive a project amendment approving the change. Initiating a change in the project scope prior to notifying the department could jeopardize receipt of your grant award.

Prepare The Reimbursement Claim

1. **To prepare your claim, complete the following forms.** See Appendix for copies of forms and a handy reimbursement checklist for monitoring documentation:
 - a. The Reimbursement Claim, Form 8700-11
 - b. Reimbursement Request Worksheet, Form 8700-13

2. **Include the following documentation:**

For Land and Easement Acquisitions:

- a. Signed offer to purchase agreement, if not already submitted to CSS.
- b. Photocopy of survey, if required.
- c. If easement, baseline documentation for property being acquired.
- d. Photocopy of the recorded deed with the appropriate restrictive deed clause (see your grant agreement and section #12, page 16 of this manual) or easement.
- e. Opinion of Title or photocopy of title insurance policy.
- f. Backup information for title exceptions.
- g. Statement of Relocation Payment and copy of approved relocation plan, if applicable.
- h. A letter from the WI Dept. of Commerce Relocation Section approving the relocation plan or indicating no relocation plan is necessary, if applicable.
- i. Closing Statement and to document expenditures, a copy of front side of canceled checks showing cancellation code at bottom or bank statement with check numbers highlighted.
- j. If your grant award included reimbursement of any other acquisition costs (see list of items in section #5, page 12), include invoices and canceled checks or bank statement showing payment of those costs
- k. Wisc. Dept. of Agriculture Impact Statement, if applicable and not submitted.
- l. Statement of any revenue received; e.g., sale of buildings or rental payments.
- m. If a land donation is part of your local match for the project, submit copies of d, e, and f above for the donation.
- n. For Federal Projects also include:
 - ① A completed Statement of Just Compensation, Form 8700-102 (included in the federal materials you received before or with your grant agreement.)
 - ② If the property is acquired for less than certified appraised value, a completed Waiver of Entitlements - Appraised Fair Market Value, Form 8700-106 (included in the federal materials you received before or with your grant agreement.)
 - ③ If the landowner or a displaced person does not accept relocation benefits, a completed Waiver of Entitlements - Relocation, Form 8700-105. (included in the federal materials you received before or with your grant agreement)

Prepare the Reimbursement Claim, continued

For Development Projects:

- a. Copy of affidavit of publication of bid notice and bid notices or newspaper tear sheet showing publication date.
- b. A listing of all the bids received (bid tabulation).
- c. A copy of the accepted bid proposal.
- d. A copy of the signed contract and any change orders.
- e. Detailed invoices & vouchers associated with all project costs.
- f. Copy of front side of canceled checks documenting payment of the invoices or bank statement with check numbers highlighted.
- g. Records documenting details of force account labor, materials, or equipment used.
- h. Records documenting details of donated services, labor, materials, or equipment used.
[Note: for documenting force account expenditures and donations see the Development Projects section.]
- i. If your development project includes donation of land from a third party as part of your local match, include copies of:
 - 1 - Opinion of Title or photocopy of title insurance policy
 - 2 - Back-up information for title exceptions
 - 3 - Recorded warranty deed or easement with appropriate deed restriction clause. See section #12, page 16 of this manual.
- j. Copies of all necessary state agency permits and required approvals should be kept in your project file.

3. Submit the reimbursement claim information to the region CSS.

- a. Submit your reimbursement claim on time. Your reimbursement claim must be submitted **within 6 months of the end of the project time period**. Sponsors who apply for new grant projects receive a lower funding priority if previous projects have not been completed and billed out in a timely manner.
- b. The CSS will inspect acquisition and development projects to confirm completion.
- c. The CSS will perform a review of your reimbursement claim, contact you for additional information, if necessary, and forward the claim to financial staff for payment.
[Note: You should receive your reimbursement payment within two weeks of satisfactory completion of the CSS' review.]
- d. Post a sign acknowledging funds from the grant program and provide notice of public access, if it doesn't already exist. The sign should be placed in a highly visible location such as the entrance to the park or recreation area or along a road adjacent to the property. Your CSS will provide you with a grant program sign that can be posted on an existing sign or by itself. Acknowledgment of the grant program funds can also be included on a custom designed sign that holds other park information.

Future Post Audit Review

1. **Your project may be included in a future post audit review.** Department financial audit staff periodically review in detail samples of projects within a grant program for compliance with the program's reimbursement requirements and procedures. This may include contacting you for additional details about the administration of your grant project or requesting that you have your project documentation files organized and available for a detailed financial audit.
2. **What is the difference between the CSS review of project expenditure documentation and the DNR auditor's detailed review of the documentation after payment?** The CSS will check the reimbursement claim to insure the claim forms and documentation submitted are complete and mathematically correct, and that you have satisfied major program requirements - i.e., costs claimed were incurred within the project time period. For development projects the CSS will inspect the completed project for compliance with the grant agreement. The auditor will look at more detail than the major program requirements that the CSS reviews - i.e., for a development project the auditor might review a contract to compare scope and cost details to invoice and payment documentation.

Land & Easement Acquisition Projects

1. If You Have Already Purchased the Property-Retroactivity

You must have received a letter of retroactivity from your regional CSS prior to purchasing the property to protect your acquisition's eligibility before receiving a grant award. Once you receive, sign, and return the grant agreement to your CSS, you can file your reimbursement claim for the acquisition costs.

2. Before You Purchase

- a. Familiarize yourself with the grant program requirements contained in your grant agreement.
- b. Make sure you understand the program's land acquisition guidelines and requirements that were supplied to you by the CSS. Consult with your legal counsel to ensure you are in compliance with these requirements. Grant funds cannot be used to assist in the purchase of land if the land is acquired by condemnation.
- c. If you have been awarded a federal grant read and make sure you understand the federal requirements you received from your CSS or with your grant agreement.
- d. The following special land acquisition situations require department pre approval and should be discussed with the CSS:

Acquisition Projects, continued

- A fee simple acquisition that includes the execution of an easement
- A land or easement acquisition where in the future the intention is to transfer the property or rights to another local government or nonprofit conservation organization.
- The situation where a parcel of land is legally located in another unit of government (i.e., a parcel is in the process of being annexed)
- A land or easement acquisition where the seller is requesting installment payments.

3. Basis for Calculating the Grant Award; Limits

Your grant award is based on up to 50% of the DNR approved appraised value of the property you are purchasing plus other eligible acquisition costs (see Other Eligible Acquisition Costs section below) with the following exceptions:

- a. For the Stewardship Program, no matter how the grant is calculated, your reimbursement may not exceed 50% of the actual purchase price (plus other eligible acquisition costs).
- b. For the Stewardship grant program, if the seller has owned the property for less than 3 years, an alternate grant calculation method will apply. The CSS should have provided Stewardship grant calculation information to you prior to your grant award.
- c. For the federal Land & Water Conservation Fund Program, relocation costs are the only other acquisition costs eligible for grant assistance.

4. Escrow Closings – Stewardship Program Only

For the Stewardship Program, a sponsor may request that the grant award be available at the time of purchase through an escrow closing. Because this option follows a different procedure requiring some lead-time, contact your CSS to discuss this option as far in advance as possible.

5. Other Eligible Acquisition Costs

For the Stewardship Program reasonable costs for the following items related to the purchase of property are eligible for 50% reimbursement if included as part of the grant application:

- ◆ Cost of Appraisal(s)
- ◆ Relocation payments
- ◆ Recording Fees
- ◆ Required Historical & Cultural Assessments
- ◆ Land Surveys
- ◆ Title Evidence
- ◆ Environmental Inspections & assessments

For the Land & Water Conservation Fund Program, only relocation costs are eligible for reimbursement.

Acquisition Projects, continued

Note: These other eligible acquisition costs must be identified up front and included in the grant agreement in order to be eligible for reimbursement.

6. Ineligible Acquisition Costs

For the Stewardship Program:

- ♦ Costs for administration of the project by the sponsor or a consultant, including indirect costs.
- ♦ Attorney's fees
- ♦ Interest costs on land contracts or installment purchases.
- ♦ Environmental clean up costs
- ♦ Brokerage fees paid by the buyer
- ♦ Real estate transfer taxes
- ♦ Other costs not listed as eligible under #5 above

For the Land & Water Conservation Fund Program:

With the exception of relocation payments, other acquisition costs are not eligible for reimbursement. **Note:** Relocation costs must be identified up front and included in the grant agreement in order to be eligible for reimbursement.

7. Eligible Sources Of Sponsor Match Include:

- a. Cash from the project sponsor
- b. Cash donated by a third party - foundations, organizations, businesses, individuals
- c. For the Stewardship Program, funds from the federal government (note: there are some exceptions for the Urban Rivers Grant Program. Check with the CSS)
- d. For the federal programs, funds from state programs (but check with the CSS)
- e. Donations of land from a third party if the contribution was made within 3 years prior to the acquisition and the property is eligible for the particular grant program.

8. Ineligible Sources Of Sponsor Match Include:

- a. For the Stewardship Program, funds from other DNR administered state grant programs. *Note: the state cost share (up to 50% of project costs) may be a mix of DNR state grant programs.*

Acquisition Projects, continued

- b. For the federal programs, funds from other federal programs. *Note: the state cost share may not be a mix of federal program funds.*

9. Third Party Donations Of Land As Sponsor Match

Using the value of donated property from a third party as sponsor match (option "7.e." above) instead of cash is an excellent way for project sponsors to reduce the amount of cash they need to raise for a project. The sponsor retains title to the donated property, but the property becomes subject to the requirements of the grant program. There are, however, some limitations on using property donations for sponsor match:

- a. The donated property must meet the criteria of the same grant program as the parcel being acquired
- b. All donated property used as sponsor match is covered by the grant agreement and thus is subject to the same Stewardship or Land & Water Conservation Fund conditions as the purchased property.
- c. Land donations must be made as a part of the project application and cannot be retroactive. Land to be donated must be in "private" ownership and not be previously dedicated through platting or re-zoning to public outdoor recreation. Lands obtained through a subdivision parkland dedication ordinance are not eligible for donation purposes.
- d. Land can be donated in one area to support a project in another area within the same political subdivision or cooperating agency.
- e. The value of the donated property is determined by an appraisal that meets DNR standards.
- f. The project sponsor cannot receive more in grant funds than the amount of cash it actually needs for the purchase.

Example:

Land valued at \$40,000 is donated to the project sponsor to be used as match for land being purchased at \$100,000. The total project cost is therefore \$140,000. The sponsor would be eligible for a 50% grant of \$70,000.

If, on the other hand, the land being purchased was worth only \$30,000, the total project cost (\$40,000 land donation plus \$30,000 purchase) would be \$70,000. The 50% grant would normally be \$35,000. But because the sponsor is only spending \$30,000 on the purchase and a grant in excess of that would constitute a profit, the grant would be reduced to \$30,000. However, with department approval any portion of the value of the donation that is not used by the project sponsor (in this case \$10,000) may be made available for subsequent acquisitions during that fiscal year plus one additional fiscal year.

Acquisition Projects, continued

As you can tell, the rules surrounding property donations can be confusing at first glance so discuss your particular situation with your CSS to confirm how the grant would be calculated.

A Caution about Multiple Government Grant Sources – No Profits Allowed

If it is found that a project sponsor has received more than 100% of project costs from a combination of government sources, the Department will seek a remedy (i.e., refund of grant funds).

10. Recording the Deed Restriction

The following deed restriction clause listed in the special conditions section of the project grant agreement must be included in the deed when it is recorded in order to process your billings:

For Stewardship Land Acquisitions:

"The rights herein conveyed are subject to the interests of the State of Wisconsin and the Department of Natural Resources Stewardship Program under Chapter 23, Wisconsin Statutes, Chapter NR 51 of the Wisconsin Administrative Code, and Stewardship Grant Agreement Number [FILL IN NUMBER] (the "Agreement") entered into by [FILL IN GRANTEE] and between the Wisconsin Department of Natural Resources and the Grantee on [FILL IN DATE OF GRANTEE SIGNATURE ON GRANT AGREEMENT]."

By acceptance of this deed, the Grantee, for itself and its successors and assigns, hereby covenants and agrees not to convey, sell, lease, assign or mortgage the property herein conveyed or convert it to uses or purposes inconsistent with the Stewardship Program and Agreement without the prior written approval of the Wisconsin Department of Natural Resources."

For Land & Water Conservation Fund Land Acquisitions:

"The rights herein conveyed are subject to the interests of the State of Wisconsin, and the Department of Interior Land and Water Conservation Fund Program described in the Land and Water Conservation Fund Act of 1965 (Public Law 88-578, 78 State 897), Chapter NR 50 of the Wisconsin Administrative Code, and Grant Agreement Number [FILL IN NUMBER] (the "Agreement") entered into by [FILL IN GRANTEE] and between the Wisconsin Department of Natural Resources and the Grantee on [FILL IN DATE OF GRANTEE SIGNATURE ON GRANT AGREEMENT]."

By acceptance of this deed, the Grantee, for itself and its successors and assigns, hereby covenants and agrees not to convey, sell, lease, assign or mortgage the property herein conveyed or convert it to uses or purposes inconsistent with the Land and Water Conservation Fund Program and Agreement without the prior written approval of the Wisconsin Department of Natural Resources and the Department of the Interior."

Acquisition Projects, continued

13. Delayed Development

Wisconsin taxpayers should get their money's worth from the expenditure of Stewardship funds. When public moneys are used to acquire land for outdoor recreation use, that use should begin as soon as possible – within a few months of its acquisition. The same holds true for planned development projects on land being acquired with Stewardship funds – they should begin as soon as possible. We recognize that for a variety of reasons there are instances when outdoor recreation use of the land must be accomplished in phases or delayed for a few years. Delayed development for up to 3 years from the date of acquisition is permissible. Delayed development for longer than 3 years must be approved by the department. In the interim, it is important that the property be open to the public to the greatest extent possible for those recreation uses that the land is capable of supporting with a minimum of public investment. Agricultural use of the land in the interim may be permissible with approval by the department. Rental of the land for non-agricultural purposes is not allowable. If you anticipate delaying development, it should have been explained at the time of the grant application. To preserve your project's eligibility, contact your CSS to discuss your plans if you plan on delaying development and your plans were not a part of your grant application.

Development Projects

1. Retroactive or Preapproval Engineering

Generally, costs incurred prior to the formal grant agreement time period are not eligible for reimbursement. The one exception to this is design and engineering fees and archeological and cultural surveys. These costs may be incurred prior to the grant award time period if specifically identified in the application and grant agreement.

2. Before You Start the Project

- a. **Familiarize yourself with the grant program requirements** contained in your grant agreement. They address a variety of issues including your responsibility to obtain state and federal permits that might be required for your project (e.g., water regulatory permits), to comply with the Americans with Disabilities Act throughout the project, to allow public access, and to adequately maintain the facilities developed with grant funds.
- b. **If you have been awarded a federal grant read the materials on federal requirements enclosed with your grant agreement.**

Development Projects - Bidding, continued

c. **Understand and follow the bidding law and contract requirements.** Bidding laws are complicated, with different requirements for Towns, Counties, Villages, and Cities and different requirements for state versus federal grant programs. We recommend sponsors consult with their legal counsel to ensure compliance with all bidding requirements and procedures. The following guidance is not intended to be legal advice or substitute for consulting your legal counsel. The intent is to let grant recipients know Department expectations.

1. Determine Bidding Method

When bidding for ***supplies, services, equipment, or construction***, we suggest using the following table to determine the bidding method. Construction projects cannot be divided into smaller contracts to avoid bidding. While some exceptions exist, it is a good business practice to obtain written quotes whenever possible. Recipients should consult with their legal counsel to discuss the exceptions.

Estimated Contract Amount	Villages	Cities	Towns	Counties	Municipal Districts
\$0 - \$5,000	Obtain Quotes	Obtain Quotes	Obtain Quotes	Obtain Quotes	Obtain Quotes
\$5,001 - \$15,000	Quote - Publish Class 1 notice	Quote - Publish Class 1 notice	Quote - Publish Class 1 notice	Quote - Publish Class 1 notice	Quote - Publish Class 1 notice
\$15,001 - \$25,000	Bid - Publish Class 2 notice	Bid - Publish Class 2 notice	Bid - Publish Class 2 notice	Quote - Publish Class 1 notice	Bid - Publish Class 2 notice
\$25,001 and Over	Bid - Publish Class 2 notice	Bid - Publish Class 2 notice	Bid - Publish Class 2 notice	Bid - Publish Class 2 notice	Bid - Publish Class 2 notice

Quotes - Obtain and document quotes from several sources to obtain the best price. Contact vendors and ask them to submit a written estimate/quote for the goods or services. Maintain a file with the names of vendors contacted, the written quotes obtained, and a written explanation of the vendor selected, if not low bidder. Municipal purchases over \$5,000 and less than \$15,001 require the publication of a Class 1 notice. For counties, purchases over \$5,000 and less than \$25,000 require the publication of a Class 1 notice.

Bids - Obtain bids through the publication of a class 2 notice.

2. Write and Publish notices, if required

Solicitations should clearly set forth all requirements that the bidder should fulfill in order for the bid to be evaluated by the recipient. As indicated in the table above, the following notices should be placed:

Development Projects - Bidding, continued

- a. Class 1 Notice - Publish a request for quotes **one** time in the newspaper designated by the municipality's governing body as the official newspaper of public record. (See example Class 1 written notice in the Appendix.)
- b. Class 2 Notices - Publish a request for bids **two** times in the newspaper designated by the municipality's governing body as the official newspaper of public record. (See example Class 2 written notice in the Appendix.)
- c. Proof of Printing - To document compliance with the procurement guidelines, obtain a Proof of Printing in the form of an Affidavit of Publication from the publisher or keep newspaper tear sheets with insertion date from the publisher and keep it with the grant records.

3. Select Vendor

- a. The recipient should be alert to conflicts of interest. Such a conflict would arise when the employee, officer, elected official, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of these parties, has a financial or other interest in the firm selected for an award. No employee, officer, elected official, or agent should participate in the selection, award, or administration of a contract if a real or perceived conflict of interest would be involved.
- b. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements.

3. **Formal Construction Contracts**

The following documentation must be retained for all development projects where construction contracts are involved:

- a. Bid Advertisements: To properly document a bid advertisement, maintain the Affidavit of Publication or tear sheet with insertion date from the newspapers that carried the announcement in your files. Bid advertisements are grant eligible so retain the original invoice for your files. Bid notices must be submitted with the payment request.
- b. Bid specifications and Construction Plans: Submit a copy to the CSS as soon as possible and keep a copy with your project file.

Development Projects - Eligible Projects, continued

- c. Summary of Bids: A listing of all the bids received (Bid Tabulation) must be submitted with the pay request. If the lowest bidder was not selected provide an explanation of why not. Provide the CSS with a copy as soon as possible after the bidders have been selected.
- d. Bid Proposal: Submit a copy of the accepted formal bid proposal(s) submitted by all contractors awarded a contract. Keep a copy in your project file.
- e. Executed Construction Contracts: Submit a copy with your reimbursement claim. Retain the original contracts and change orders in your project file.
- f. Contractor's Invoices and Canceled Checks: The final step toward proper documentation of construction contract expenditures are the contractor's invoices to verify the cost. Retain the originals for your project file and submit a copy to the CSS with your reimbursement claim. The invoices and canceled checks must be submitted with the payment request. A copy of the front side of the canceled checks is usually used to verify payment of expenditures. If canceled checks are not available, copies of the voucher and bank statement with check numbers highlighted indicating that the checks have cleared are sufficient.

4. Eligible Development Project Costs Include:

- a. Labor costs, including force account¹ labor and contractual services costs directly related to and required for completing the project. Costs shall be based on the actual wage or services rate paid, including salary and fringe benefits.
- b. Direct costs for materials and equipment used for project-related purposes over their useful life.
- c. Leased equipment costs used for project related purposes. Costs of the use of equipment owned by the sponsor may not exceed the Wisconsin Department of Transportation's county highway rates.
- d. Construction contract costs directly related to and required to complete the project.
- e. Engineering or planning fees to complete the project. These costs may be retroactive.
- f. Bid Advertisements.

A Word about Purchased Materials and Services

Materials and services in the scope of the grant agreement and purchased by the sponsor may be credited as eligible expenditures. Examples of material/service purchases for outdoor recreation projects include hardware, paint, lumber, sand/gravel, concrete, landscape materials, signs, design/engineering services and contractor services (small

¹ Force Account expenses - employee labor, (including fringe benefits), equipment use or time, and the use of materials from the sponsor's inventory

Development Projects - Sponsor Match, continued

expendable tools like a paintbrush may be included). Materials and services purchased for the operation and maintenance of the project site are not eligible. Invoices should be kept in the project file and available for audit for four years after the final payment.

5. Ineligible Development Project Costs

- a. Costs incurred prior to or after the grant project period.
- b. Administrative costs of the sponsor or consultant such as paper work associated with the project, including indirect costs; indirect costs are typically incurred for multiple purposes. Examples of indirect costs include, but are not limited to, utilities, administrative salaries, postage, and other expenses that are not supported by time reports or other documentation that identifies the expenditure as directly assignable to the Stewardship project.
- c. Costs to prepare the Stewardship Grant application or amend a Comprehensive Outdoor Recreation Plan.
- d. Costs to cover items that are not required for development of a basic facility, as determined by department or are not included in the grant agreement.
- e. Financing costs associated with the project.
- f. Costs not documented by an invoice and a canceled check, or other conclusive proof of payment.
- g. Costs incurred by a sponsor because of a contractor's breach of contract.
- h. Costs previously reimbursed from another grant source.

6. Eligible Sources of Sponsor Match Include:

- a. Cash from the project sponsor and force account labor, equipment, and materials
- b. Cash donated by a third party - foundations, organizations, businesses, individuals
- c. For the Stewardship Program, funds from the federal government (note: there are some exceptions for the Urban Rivers Grant Program.)
- d. Donations of volunteer labor, services, materials, equipment rental
- e. Donations of land from a third party if the contribution was made within 3 years prior to the acquisition and the property is eligible for the particular grant program.

7. Documenting Materials and Services with Invoices

Whenever materials or a service are purchased by the sponsor, an invoice must be obtained from the vendor to provide evidence of the sale. The invoice must be legible and include the following items:

- name and address of the vendor
- quantity of item(s) purchased
- description of item(s) purchased
- unit price
- total amount of each line item

Development Projects - Force Acct., continued

Two instances that require special attention. First, the sponsor will probably have some invoices that include materials or services not included in the project. In this case, identify on the invoice(s) only those items that are being charged against the project.

Second, vendor statements are acceptable (for example price list or quotes) as cost documentation only in those instances when an invoice cannot be obtained from the vendor.

Some vendors do not use invoices. In such an instance, identify on the vendor's statement the actual items that are related to the project. Enter the total amount of the project related purchases from each invoice (or statement) on the Grant Payment Worksheet, Form 8700-02, located in the Appendix.

8. Documenting Force Account Expenses

Following is a description of the documentation required for force account expenses. Forms to assist you in preparing the documentation are contained in the Appendix and referred to in the information below. You may use your own version of the format as long as the required information is provided. Force account documentation should be submitted with the pay request.

Grant related expenses incurred through the direct use of sponsor staff, materials, and equipment are defined as "force account" - (using your own forces). There are three types of eligible force account expenses:

- Employee labor, including fringe benefits;
- Sponsor equipment use or time; and
- The use of materials from the sponsor's inventory.

For example, a city may receive an outdoor recreation grant to develop a hiking trail. In constructing the trail, the city may use:

- Force account labor (staff time) to brush the trail and to operate earth moving equipment;
- Sponsor-owned equipment, such as chain saws and tractors to prepare the trail surface; and
- Materials, such as signs and gravel from inventory.

a. Force Account Labor Summary

Sponsors should use timesheets that record the work of their employees on a daily basis. These daily time sheets should document the type of work performed on the project and must be kept on file with the project sponsor.

Development Projects - Force Acct., continued

If employees do not keep daily timesheets, any time spent working on an approved grant project must be recorded in a project labor log. The log should record date, hours worked, work done, employee name and rate of pay.

Once the sponsor has compiled all of the force account timesheets connected with its project, prepare a labor summary in order to accurately calculate the project costs. The labor summary sheet must be submitted with the pay request.

Fringe benefits may include employee insurance plans, retirement plans, Social Security contributions, unemployment, worker's compensation, authorized absences etc. and should be identified separately from wages or their calculation explained. Once the sponsor has calculated the total value of the force account labor used in the project, enter that amount on the Project Summary Sheet.

Only employee hours which pertain directly to the project development may be included for reimbursement. Individual employee time sheets indicating the work performed may be subject to State and Federal audits for four years from project closure.

Record the totals from the completed summary forms on the Grant Payment Worksheet, form 8700-02, found at the back of the Appendix.

b. Force Account Equipment Worksheet

The information needed to support equipment usage costs is as follows:

- the name of the operator
- date(s) equipment used,
- equipment used, including size and power as listed in that year's WisDOT equipment rate schedule or WisDOT equipment class
- description of the work performed,
- total hours of use (do **not** include idle time),
- WisDOT hourly equipment rate for the year during which project activities occurred
- the total cost of equipment used (WisDOT rate x number of hours used).

The hourly equipment rates cannot exceed the hourly rates approved by the WisDOT. Copies of the WisDOT equipment rate schedule can be obtained from your CSS. The "description of work" section must identify the specific facility for which the equipment was used. For instance, if a chain saw was used for trail construction, note "cleared brush for trail."

Development Projects - Force Acct, continued

Record the totals of each worksheet on your Equipment Summary Worksheet. Submit the Equipment Summary and worksheets with your pay request.

c. Force Account Equipment Summary:

After compiling all of the force account equipment worksheets, prepare a summary in order to calculate project costs. Enter the total value of the force account equipment use on the Grant Payment Worksheet, form 8700-02, found at the back of the Appendix.

d. Force Account Material Use Summary:

Occasionally, a sponsor will utilize construction material from inventory in the development of a facility included within the scope of their project. Examples of commonly used materials include: lumber, nursery stock, and gravel. In some cases, the sponsor will already have its own form to record the use of inventory. If not, see the example Force Account Material Use Form in the Appendix.

Please note that the "cost" of goods taken from inventory should be documented by showing an old invoice of what the value of the inventory was when purchased. If the items weren't purchased, i.e., a community owned gravel pit, the "cost" should be equivalent to the prevailing cost of similar goods purchased from vendors in the community and should be a calculated unit price based on the actual cost of mining the materials. Unit prices for materials from sponsors' owned pits should always be less than from outside suppliers, since indirect and profit which are included in the outside suppliers unit price, are not allowable under the grants program. Further, the trucks to haul the aggregate materials from the pit to the job sites are generally expensed through the WisDOT equipment charges.

Once the sponsor has calculated the total value of force account materials used, enter that figure on the Grant Payment Request Worksheet, form 8700-02.

9. Documenting Donations of Land as Sponsor Match - see the section under Land Acquisition, [page 13](#).

10. Documenting Donations of Volunteer Labor, Services, Materials, Equipment Rental

Donations may account for up to 50% (the amount of the local match) of total eligible project costs. Items being donated must be included in the project scope in order to be considered in the total eligible costs.

Development Projects - Donations, continued

The following four scenarios (A-D) show a \$20,000 project and how the value of donations affects the amount of cost share and the final cost to municipalities.

SCENARIO	A	B	C	D
Cash Outlays (Including Force Account Costs)	\$20,000	\$15,000	\$10,000	\$8,000
Value of Donations (not cash)	0	5,000	10,000	12,000
Total Cost of Project	\$20,000	\$20,000	\$20,000	\$20,000
Maximum Grant Payment	\$10,000	\$10,000	\$10,000	\$8,000
Cost of Project to Municipality	\$10,000	\$5,000	\$0	\$0

In example A, the sponsor spends \$20,000 to complete a project and there is no donation involved. In this case the sponsor is eligible for a reimbursement of up to 50% of the total eligible project cost or \$10,000. The net cost to the sponsor for the \$20,000 project is \$10,000.

In example B, the sponsor spends \$15,000 and receives a donation of \$5,000 to complete a project. The sponsor is eligible for a reimbursement of up to 50% (or \$10,000) of the total eligible project cost (\$20,000) but limited to the cash outlay (\$15,000) for the project. In this case the sponsor would receive the full reimbursement of \$10,000. The net cost to the sponsor for the \$20,000 project is \$5,000.

Example C is similar to example B. The sponsor is eligible for a reimbursement of up to 50% (or \$10,000) of the total eligible project cost (\$20,000) but limited to the cash outlay (\$10,000) for the project. In this case the sponsor would also receive the full reimbursement of \$10,000. The net cost to the sponsor for the \$20,000 project is \$0.

In example D, the sponsor spends \$8,000 and receives a donation of \$12,000 to complete a project. The sponsor is eligible for a reimbursement of up to 50% (or \$10,000) of the total eligible project cost (\$20,000) but limited to the cash outlay (\$8,000) for the project. In this case the sponsor would receive a reimbursement of \$8,000 because that was their cash outlay for the project (no profits allowed). The net cost to the sponsor for the \$20,000 project is \$0.

Following is a description of the documentation required for donations and volunteer contributions. Forms to assist you in preparing the documentation are contained in the

Development Projects - Donations, continued

Appendix and referred to in the information below. You may use your own version of the format as long as the required information is provided.

a. Donated Labor Worksheets: (See example B.1 in the Appendix.)

The documentation required to be recorded on the worksheet for donated labor is as follows:

- the name of the laborer,
- the dates he/she worked,
- the hours worked each day,
- a brief daily description of the work completed,
- signed by the donor and bearing evidence of management review/approval.

The value of all donated unskilled labor has been set at the federal/state minimum wage (currently \$5.15 per hour). If the person is professionally skilled in the work being performed on the project (for example, plumber or bricklayer) then the wage rate this individual is normally paid may be charged to the project.

The description of the work must contain a reference to a facility or function that has been identified in the project scope of the project agreement. For instance, if the sponsor has been awarded a grant for trail development, make sure the term "trail" is in the work description section, e.g., "cutting brush for the walking trail."

b. Donated Labor Summary: (See Example B.2 in the Appendix)

Record the Donated Labor Worksheet totals on the Donated Labor Summary and calculate the total value of donated labor. Enter that figure on the Grant Payment Request Worksheet. Submit the donated labor summary and worksheets with the pay request.

c. Donated Equipment Worksheets: (See Example B.3 in the Appendix.) Document the use of donated equipment on the worksheet by providing the following:

- the name of the operator
- the type of equipment used, (please refer to approved WisDOT equipment descriptions)
- the dates the equipment was used,
- number of hours used each day,
- a brief description of the completed work
- a value for the equipment use
- WisDOT rate or donor's rental rate, whichever is less, x the number of hours worked.

Development Projects - Donations, continued

Cost of donated construction and equipment must be established based on competitive procurement either through the formal bidding process or through competitive quotations. Contractors' certifications are not a true measurement of the value of donations and will not be accepted. To categorically measure the value of a donation, competitive bids or quotations must be obtained.

For example, three contractors bid on a park shelter. Contractor A bids \$4,000; contractor B bids \$3,500; and contractor C bids \$3,000. Municipality awards the contract to contractor C for \$3,000. Contractor C completes the work with no project modifications. The contractor issues an invoice for \$2,000 and indicates a donation of \$1,000. This \$1,000 donation is measurable & verifiable and would be allowed as sponsor's match.

Two important items to remember about donated equipment usage. First, values for donated equipment use cannot exceed those rates approved by WisDOT. Second, the description of the work must contain a reference to a facility that has been identified in the project scope of the project agreement. For instance, if the sponsor has been awarded a grant for trail development, make sure the term "trail" is in the work description section, i.e., "spreading Class 5 stone for walking trails."

d. Donated Equipment Summary (See Example B.4 in the Appendix)

Transfer the Donated Equipment Worksheet totals to the summary and calculate the total value of donated equipment use. Enter that figure on the Grant Payment Request Worksheet and submit the worksheet and summary with the pay request.

e. Donated Materials/Services Invoices: (See example B.5 in the Appendix.)

On occasion, private sector businesses may wish to contribute particular goods or services toward the completion of a project. In order to receive credit for this type of donation, the goods or service donation must correlate with a particular function that has been identified in the project scope of the project agreement and be noted as such on the vendor's invoice. For instance, if the sponsor has been awarded a grant for trail development, make sure that either you or the vendor links the goods/service with the facility, i.e., "I wish to donate 25 tons of class 5 stone for trail surface material." The value of the stone must be based on the normal selling price to a local unit of government or the actual costs of producing the product or material.

Prices assessed to donated materials included in the matching share should be reasonable and should not exceed the current market prices at the time they are charged to the

Development Projects - Donations, continued

project. Records of in-kind contributions of material shall indicate the fair market value by listing the comparable prices and vendors. See example B.5 in the Appendix for what is required. Enter the total amount of each invoice for donated materials/services on the Grant Payment Request Worksheet.

Additional Federal Program Requirements

If you were awarded a federal grant, additional general provisions and requirements were enclosed with your grant agreement. While lengthy they are important to read and abide by in addition to the state grant program requirements to protect the eligibility of your project for the funds you have been awarded.

Preventing Reimbursement Problems

TOP TROUBLEMAKERS. The following list identifies areas where department staff often encounter problems during audit of payment request claims. If your grant project contains any of the following situations, refer to the section indicated after the item for more detail. Feel free to call your CSS with questions.

1. Documenting donations of equipment, labor, services, materials, or land..... pp. 21-24
2. Bidding requirements for development projects pp. 17-19
3. A Partner or co-sponsor handling the financial administration of your project... p. 7
4. Properties producing income from leasing land or buildings, or sale or demolition of buildings..... p. 8
5. Fee simple land acquisitions that also include easements or future transfers
- see Before you Purchase p. 11
6. Documenting force account expenses..... pp. 22-24
7. Incomplete reimbursement documentation pp. 9-10
(Also sections on Acquisition and Development Projects)
8. Claims including ineligible costs..... pp. 12,13,20,21

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Example of a Class 1 Public Notice

Public Notice
[Project Name]
[Village/City/Town/County/District Name]

The [Village/City/Town/County/District Name] will be performing the following work:

The [Village/City/Town/County/District Name] will receive quotes for this work at the office of [Name of Office] located at [Address] until [Time], [Date]. Quotes will be reviewed and contracts will be awarded to the vendors whose quotes are most responsive to the solicitation and are most advantageous to the [Village/City/Town/County/District Name], considering price, quality and other factors.

Owner reserves the right to reject any and all quotes.

Date: _____ Chief Elected Official Signature: _____

Example of a Class 2 Advertisement for Bids

Advertisement for Bids

[Project Name]

[Village/City/Town/County/District Name]

The [Village/City/Town/County/District Name] will receive sealed bids for [Project Name] at the office of [Name of Office] located at [Address] until [Time], [Date]. All bids will be publicly opened and read aloud at that time.

The work for which bids are asked includes the following:

Bidding documents may be examined at [Name of Office] located at [Address]. Copies may be obtained from [Name of Office] upon deposit of [\$Deposit] for each set. Any unsuccessful bidder, upon returning such within 10 days after bid opening and in good condition will be refunded his/her deposit.

Any proposals shall be submitted in an opaque envelope, on the forms provided, and marked with the name and address of the bidder and accompanied by the bid security. If the proposal is sent through the mail, or other delivery system, the sealed envelope shall be enclosed in a separate envelope marked with the notation "BID ENCLOSED" and addressed to [Name of Office and Address].

[For contracts involving construction, insert the following paragraph]

No proposal shall be accepted unless accompanied by a certified check or bid bond equal to at least 5% of the amount bid, payable to Owner as a guarantee that, if the bid is accepted, the bidder will execute and file the proper contract and bond within 15 days after the award of the contract. The certified check or bid bond will be returned to the bidder as soon as the contract is signed, and if after 15 days the bidder shall fail to do so, the certified check or bid bond shall be forfeited to the Owner as liquidated damages.

[For contracts involving construction projects over \$2000 paid partially or in full with federal funds, insert the following paragraph]

Minimum salaries and fringes to be paid on the project shall be in accordance with the prevailing wage rate scale established by the Federal Department of Labor (DOL). Attention is called to the fact that not less than the minimum salaries and fringes set forth in the Contract Documents must be paid on this project, and that the Contractor must ensure that employees and applications for employment are not discriminated against because of their race, color, religion, sex, national origin, or other protected class. Federal Labor standards program laws, including, but not limited to the Davis Bacon Act, the Copeland Anti-Kickback Act, and the Contract Work Hours and Safety Standards Act will apply to all projects.

No bidder may withdraw his/her bid within 30 days after the actual day of the opening thereof.

Owner reserves the right to waive any informalities or to reject all bids.

Date: _____ Chief Elected Official Signature: _____

